

***Florida
Institute of
Technology, Inc.***

*Consolidated Financial
Statements and
Supplemental Reports*

*April 30, 2018
and 2017*

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statements of Financial Position	3
Consolidated Statement of Activities - For the Year Ending April 30, 2018	4
Consolidated Statement of Activities - For the Year Ending April 30, 2017	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	8
SUPPLEMENTAL:	
Schedule of Expenditures of Federal Awards and State Financial Assistance	31
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	41
Schedule of Populations, Samples Tested, and Questioned Costs for Florida Student Financial Assistance Programs	43
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	44
Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.650, Rules of the Auditor General	46
Schedule of Findings and Questioned Costs	49
Corrective Action Plan	52

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Florida Institute of Technology, Inc.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Florida Institute of Technology, Inc. and Subsidiaries (the "University", a nonprofit organization), which comprise the consolidated statements of financial position as of April 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the University as of April 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.650, *Rules of the Auditor General*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2018, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Melbourne, Florida
August 31, 2018

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS	4/30/2018	4/30/2017
Cash and cash equivalents	\$ 22,858,627	\$ 14,800,171
Accounts receivable, net	6,334,953	4,812,986
Pledges receivable, net	2,277,735	2,552,233
Prepaid expenses, inventories and other assets, net	7,265,299	6,826,322
Student loans receivable, net	4,838,733	4,711,068
Investments	83,248,063	74,158,457
Long-lived assets, net	124,074,270	127,098,036
TOTAL ASSETS	\$ 250,897,680	\$ 234,959,273
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 29,013,787	\$ 21,866,965
Deposits and deferred revenue	12,133,478	10,073,792
Annuities payable	1,945,390	2,017,699
Refundable government loans	4,539,251	4,636,651
Capital lease obligations	15,449,633	16,186,354
Long-term debt	29,831,719	31,413,313
Total Liabilities	92,913,258	86,194,774
NET ASSETS		
Unrestricted	80,973,852	76,636,870
Temporarily restricted	23,824,370	19,887,456
Permanently restricted	53,186,200	52,240,173
Total Net Assets	157,984,422	148,764,499
TOTAL LIABILITIES AND NET ASSETS	\$ 250,897,680	\$ 234,959,273

See notes to consolidated financial statements.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

**CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING APRIL 30, 2018**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING ACTIVITIES				
<i>Revenues and reclassifications:</i>				
Tuition and fees	\$ 192,663,589	\$ -	\$ -	\$ 192,663,589
Student aid-tuition and fees	(58,250,702)	-	-	(58,250,702)
Net tuition and fees	134,412,887	-	-	134,412,887
Gifts	2,004,439	-	-	2,004,439
Interest and dividends	19,361	-	-	19,361
Other operating	5,041,732	-	-	5,041,732
Sponsored Programs				
Federal/State grants & contracts	10,421,429	-	-	10,421,429
Private grants & contracts	1,865,911	-	-	1,865,911
Indirect cost recovery	2,210,686	-	-	2,210,686
Subtotal sponsored programs	14,498,026	-	-	14,498,026
Institutes and project research	1,043,910	-	-	1,043,910
Auxiliary enterprises	27,811,756	-	-	27,811,756
Endowment payout	3,031,847	-	-	3,031,847
Net assets released from restrictions	794,867	(794,867)	-	-
Total operating revenues and reclassifications	188,658,825	(794,867)	-	187,863,958
<i>Expenses:</i>				
Instruction and departmental and public service	70,282,771	-	-	70,282,771
Academic support	13,710,385	-	-	13,710,385
Institutional support	34,443,774	-	-	34,443,774
Student services	19,090,360	-	-	19,090,360
Sponsored Programs				
Federal/State grants & contracts	12,502,853	-	-	12,502,853
Private grants & contracts	1,736,915	-	-	1,736,915
Subtotal sponsored programs	14,239,768	-	-	14,239,768
Institutes and project research	1,552,481	-	-	1,552,481
Auxiliary enterprises	31,704,834	-	-	31,704,834
Total operating expenses	185,024,373	-	-	185,024,373
Operating income/(loss)	3,634,452	(794,867)	-	2,839,585
NON-OPERATING ACTIVITIES				
Gifts	-	166,484	669,234	835,718
Interest and dividends - endowment and other	210,925	2,310,419	-	2,521,344
Net realized and unrealized gain/(loss)				
on investments	474,059	5,171,819	-	5,645,878
Insurance recovery	505,591	-	-	505,591
Gain/(loss) on disposition of assets	16,992	-	(113,338)	(96,346)
Endowment payout	(138,979)	(2,892,868)	-	(3,031,847)
Transfer	(366,058)	(24,073)	390,131	-
Non-operating income/(loss)	702,530	4,731,781	946,027	6,380,338
CHANGE IN NET ASSETS	4,336,982	3,936,914	946,027	9,219,923
NET ASSETS - Beginning of year	76,636,870	19,887,456	52,240,173	148,764,499
NET ASSETS - End of period	\$ 80,973,852	\$ 23,824,370	\$ 53,186,200	\$ 157,984,422

See notes to consolidated financial statements.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

**CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING APRIL 30, 2017**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING ACTIVITIES				
<i>Revenues and reclassifications:</i>				
Tuition and fees	\$ 193,908,169	\$ -	\$ -	\$ 193,908,169
Student aid-tuition and fees	(58,336,414)	-	-	(58,336,414)
Net tuition and fees	135,571,755	-	-	135,571,755
Gifts	1,892,234	-	-	1,892,234
Interest and dividends	21,836	-	-	21,836
Other operating	5,339,472	-	-	5,339,472
Sponsored Programs				
Federal/State grants & contracts	8,583,899	-	-	8,583,899
Private grants & contracts	1,675,025	-	-	1,675,025
Indirect cost recovery	2,347,815	-	-	2,347,815
Subtotal sponsored programs	12,606,739	-	-	12,606,739
Institutes and project research	357,838	-	-	357,838
Auxiliary enterprises	28,604,702	-	-	28,604,702
Endowment payout	3,027,420	-	-	3,027,420
Net assets released from restrictions	292,086	(292,086)	-	-
Total operating revenues and reclassifications	187,714,082	(292,086)	-	187,421,996
<i>Expenses:</i>				
Instruction and departmental and public service	69,989,144	-	-	69,989,144
Academic support	17,023,536	-	-	17,023,536
Institutional support	29,114,215	-	-	29,114,215
Student services	19,015,096	-	-	19,015,096
Sponsored Programs				
Federal/State grants & contracts	10,239,812	-	-	10,239,812
Private grants & contracts	1,675,031	-	-	1,675,031
Subtotal sponsored programs	11,914,843	-	-	11,914,843
Institutes and project research	603,224	-	-	603,224
Auxiliary enterprises	36,090,712	-	-	36,090,712
Total operating expenses	183,750,770	-	-	183,750,770
Operating income/(loss)	3,963,312	(292,086)	-	3,671,226
NON-OPERATING ACTIVITIES				
Gifts	-	66,482	541,862	608,344
Interest and dividends - endowment and other	89,399	1,921,012	-	2,010,411
Net realized and unrealized gain/(loss) on investments	294,288	6,326,814	-	6,621,102
Insurance recovery	167,341	-	-	167,341
Gain/(loss) on disposition of assets	(24,723)	-	-	(24,723)
Endowment payout	(141,909)	(2,885,511)	-	(3,027,420)
Transfer	(139,966)	(52,233)	192,199	-
Non-operating income/(loss)	244,430	5,376,564	734,061	6,355,055
CHANGE IN NET ASSETS	4,207,742	5,084,478	734,061	10,026,281
NET ASSETS - Beginning of year, as restated	72,429,128	14,802,978	51,506,112	138,738,218
NET ASSETS - End of period	\$ 76,636,870	\$ 19,887,456	\$ 52,240,173	\$ 148,764,499

See notes to consolidated financial statements.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDING

	<u>4/30/2018</u>	<u>4/30/2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 9,219,923	\$ 10,026,281
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	7,398,169	7,784,380
Accrued interest on capital leases	-	(38,725)
Amortization of bond issuance costs	5,498	5,498
Amortization of intangible assets	6,712	7,059
Net realized and unrealized (gain)/loss on investments	(5,645,878)	(6,621,102)
Change in bad debt allowance for accounts receivable	505,051	164,395
Change in bad debt allowance for student loans receivable	245,280	24,548
Change in bad debt allowance for pledge receivable	105,128	233,763
Loss on disposition of assets	96,346	24,723
Change in actuarial liability for annuities payable, net	45,612	115,079
Proceeds from annuities	(2,433)	-
Change in assets and liabilities:		
Accounts receivable	(2,027,018)	295,428
Pledges receivable	169,370	118,711
Prepaid expenses, inventories and other assets	(451,187)	198,873
Student loans receivable	(372,945)	101,620
Accounts payable and accrued expenses	7,146,822	(363,003)
Deposits and deferred revenue	2,059,686	1,502,012
Refundable government loans	(97,400)	20,478
Net cash provided by operating activities	<u>18,406,736</u>	<u>13,600,018</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(3,960,026)	(2,583,032)
Proceeds from investments	516,298	417,719
Proceeds from disposition of assets	286,223	1,772,822
Purchase of long-lived assets	(4,756,972)	(2,046,494)
Net cash used in investing activities	<u>(7,914,477)</u>	<u>(2,438,985)</u>

See notes to consolidated financial statements.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.**CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
FOR THE YEARS ENDING**

	<u>4/30/2018</u>	<u>4/30/2017</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of annuity obligations	(115,488)	(109,761)
Repayment of long term debt	(1,581,594)	(1,405,015)
Repayment of capital lease obligations	<u>(736,721)</u>	<u>(713,762)</u>
Net cash (used)/provided by financing activities	<u>(2,433,803)</u>	<u>(2,228,538)</u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND CASH HELD WITH FIDUCIARY	8,058,456	8,932,495
CASH AND CASH EQUIVALENTS		
Beginning of period	<u>14,800,171</u>	<u>5,867,676</u>
AS PRESENTED ON STATEMENTS OF FINANCIAL POSITION		
Cash and cash equivalents	<u>\$ 22,858,627</u>	<u>\$ 14,800,171</u>
SUPPLEMENTAL CASH FLOW INFORMATION - Interest Paid	<u>\$ 1,345,009</u>	<u>\$ 1,456,132</u>

See notes to consolidated financial statements.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization - Florida Institute of Technology, Inc. (the “University”) is an accredited, coeducational, independently controlled and supported university, which was established in 1958. It is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools. The University is a not-for-profit corporation under both federal and state laws. The University is committed to the pursuit of excellence in teaching and research in the sciences, engineering, technology, business, psychology, aviation and related disciplines.

Basis of Presentation - The consolidated financial statements of the University include the accounts of the various administrative and academic divisions that are controlled by the University, including FIT Aviation, LLC and FIT Museum of Art, Inc. (known as Foosaner Art Museum), wholly owned subsidiaries of the University. The consolidated financial statements have been prepared on the accrual basis of accounting. All intercompany balances and transactions have been eliminated.

Net assets, revenues, gains and support are classified based on the existence or absence of donor-imposed restrictions. A description of the three classes of net assets follows:

Unrestricted Net Assets

Unrestricted net assets represent the difference between assets and liabilities that are not restricted by donor-imposed stipulations. Net assets which were previously restricted for which the University has met donor restrictions are released from restriction and reported as unrestricted net assets in the consolidated financial statements.

Temporarily Restricted Net Assets

Temporarily restricted net assets are defined as net assets subject to donor-imposed stipulations that may or will be met either by actions of the University and/or the passage of time. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire within the fiscal year in which the contributions are received.

Permanently Restricted Net Assets

Permanently restricted net assets include gifts subject to donor-imposed stipulations that the corpus be maintained permanently by the University. Generally, the donors of these assets permit the University to use all, or part of, the earnings on related investments for general or specific purposes.

Cash and Cash Equivalents - Cash and cash equivalents include all highly liquid debt instruments purchased with an original maturity of less than three months. The carrying amounts of cash and cash equivalents approximate fair value because of the short maturity of these financial instruments.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of Credit Risk - The University maintains its cash and cash equivalents in financial institutions that are insured by the Federal Deposit Insurance Corporation (“FDIC”) for up to \$250,000 per depositor. At April 30, 2018, approximately \$22,609,000 of the University’s balances were subject to custodial credit risk.

Accounts Receivable, net - Accounts receivable are generated by student accounts with deferred payment arrangements, delinquent student accounts, or other transactions in which the University has provided services in advance of payment. Accounts receivable also includes balances related to sponsored programs, which are receivables generated through private and government grants and contracts. Management estimates an allowance for uncollectible accounts based upon their review of delinquent accounts and an assessment of the University’s historical evidence of collections. It is the University’s policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Pledges Receivable, net - Pledges are unconditional written promises to contribute to the University in the future. Pledges are recognized at estimated present value in the period the pledges are received. Management estimates an allowance for uncollectible pledges based upon their review of delinquent pledges and an assessment of the University’s historical evidence of collections. Pledges are adjusted to the net present value using a discount rate that is comparable to the average interest rate for long term interest bearing debt issued by the U.S. Treasury.

Prepaid Expenses, Inventories and Other Assets, net - Prepaid expenses are amounts that are paid in advance by the University to a vendor for goods and services. Inventories of supplies are stated at the lower of cost (weighted average) or net realizable value.

Student Loans Receivable, net - Student loans receivable result from lending activities to students utilizing University and federal resources designated for that purpose. Management estimates an allowance for uncollectible student loans based upon their review of delinquent student loans and an assessment of the University’s historical evidence of collections. It is the University’s policy to charge off uncollectible student loans receivable when management determines the receivable will not be collected. Federal funds provided for this purpose are included in the Refundable Government Loans liability.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments - The University's investments in securities are reported at fair value. Contributed investments in securities are initially recorded at their fair value on the date of the gift. The University maintains its investments in securities with four brokerage firms that are members of the Securities Investor Protection Corporation ("SIPC"). At times, the brokerage firm accounts may also include cash balances. Cash and securities held at a member brokerage firm are insured by the SIPC up to \$500,000 per customer, including a maximum of \$250,000 for cash. The amount of cash in the investment account subject to custodial credit risk at April 30, 2018 was approximately \$1,415,000.

Long-Lived Assets, net - Long-lived assets are recorded at cost if purchased or at estimated fair value if received by gift. The University's policy is to capitalize assets acquired through purchase greater than \$1,000 and acquired by gifts greater than \$5,000 having a useful life greater than one year. Depreciation of long-lived assets is recorded on the straight-line method over their estimated useful lives ranging from 5 to 50 years.

<u>Description</u>	<u>Estimated useful life</u>
Buildings	7 to 50 years
Building improvements	7 to 20 years
Leasehold improvements	Length of lease
Vehicles and boats	5 to 10 years
Computer hardware	3 to 10 years
Computer software	5 years (amortized)
Furniture and equipment	5 to 15 years
Library books	12 years
Airplanes	5 to 12 years

Deposits and Deferred Revenue - Tuition revenue and certain related costs are recognized in the fiscal year in which the program is predominantly conducted. Deposits primarily represent amounts held by the University for various student related services.

Refundable Government Loans - Refundable government loans represent federal funds provided to the University to be used for student loans. The balance represents the amount refundable to the federal government if the University terminated its participation in the loan program.

Collections - The University's collections consist of donated art and other objects that are held for educational and curatorial purposes. In conformity with accounting principles generally accepted in the United States of America, the University has elected to exclude the value of the collections from the consolidated statements of financial position, and the value of donations of collections from revenue in the consolidated statements of activities. Collections currently held in the Foosaner Art Museum and Ruth Funk Center for Textile Arts were appraised at \$4.6 million during the fiscal year ended April 30, 2014. The University has other collections throughout the campus that were not included with that appraisal.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Conditional Promises to Give - Because of uncertainties with regard to reliability and valuation, bequest intentions and other conditional promises are only recognized as assets if and when the specified conditions are met. Non-bequest conditional pledges whose conditions have not been met totaled approximately \$1.3 million and \$2 million as of April 30, 2018 and 2017, respectively. Promises that are associated with bequests and wills whose conditions have not been met totaled approximately \$16 million and \$9.8 million as of April 30, 2018 and 2017, respectively.

Income Taxes - The University is a tax-exempt institution under Section 501(c)(3) of the Internal Revenue Code. The University is classified as an organization whereby contributions to it qualify for deductions as charitable contributions. Accordingly, no provision for income taxes has been made in the consolidated financial statements. No assessments are outstanding, and the University's management believes that the University has operated in accordance with its tax-exempt status.

However, the University does engage in activities that may give rise to unrelated business income tax. As such, the University files an unrelated business income tax return that includes FIT Aviation, LLC and other activities subject to unrelated business income tax.

Deferred income taxes are provided on a method whereby deferred tax assets are recognized for temporary differences, which are the differences between the reported amount of assets and liabilities and their tax basis and arise predominantly from net operating losses and the allowance for doubtful accounts receivable. Determination of current or long-term status of the deferred tax asset is based on the current or long-term nature of the underlying asset. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Measurement of deferred income tax is based on enacted tax rates and laws that will be in effect when the differences are expected to reverse.

The University accounts for income taxes in accordance with Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") 740, Income Taxes, which clarifies the accounting and disclosure requirements for uncertainty in tax positions. It requires a two-step approach to evaluate tax positions and determine if they should be recognized in the consolidated financial statements. The two-step approach involves recognizing any tax positions that are more likely than not to occur and then measuring those positions to determine if they are recognizable in the consolidated financial statements. Management regularly reviews and analyzes all tax positions and has determined that no uncertain tax positions requiring recognition have occurred.

The University is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The University believes it is no longer subject to income tax examinations for fiscal years prior to 2014.

Advertising - The University expenses advertising costs when incurred. Advertising expense totaled approximately \$2.3 million and \$2.2 million for each of the years ended April 30, 2018 and 2017, respectively.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates in the Preparation of Consolidated Financial Statements - The preparation of consolidated financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Recently issued accounting pronouncements - In May 2014, the Financial Accounting Standards Board issued ASU 2014-09 (*Revenue from Contracts with Customers* (Topic 606)), which requires an entity to recognize revenue from the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance addresses, in particular, contracts with more than one performance obligation, as well as the accounting for some costs to obtain or fulfill a contract with the customer; and provides for additional disclosures with respect to revenues and cash flows arising from contracts with customers. With respect to nonpublic entities, this update is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018, and early adoption is not permitted. The effect of this guidance on the financial statements of the University has not been determined.

In February 2016, the Financial Accounting Standards Board issued ASU 2016-02 (*Leases* (Topic 842)), which requires an entity to recognize a liability and corresponding asset for leases that meet certain criteria. With respect to nonpublic entities, this update is effective for fiscal years, and interim periods within those years, beginning after December 15, 2019, and early adoption is permitted. The effect of this guidance on the financial statements of the University has not been determined.

In August 2016, the Financial Accounting Standards Board issued ASU 2016-14 (*Not for Profit Entities* (Topic 958)), which improves the current net asset classification requirements and the information presented in the financial statements and notes, including information about the entity's liquidity, financial performance and cash flows. With respect to nonpublic entities, this update is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017, and early adoption is permitted. The effect of this guidance on the financial statements of the University has not been determined.

2. ACCOUNTS RECEIVABLE, NET

Accounts receivable consisted of the following at April 30:

	<u>2018</u>	<u>2017</u>
Students	\$ 1,821,431	\$ 2,126,286
Sponsored research and similar agreements	5,687,476	3,529,547
Aviation	313,470	139,526
Total	7,822,377	5,795,359
Less: allowance for doubtful accounts	(1,487,424)	(982,373)
Accounts receivable, net	<u>\$ 6,334,953</u>	<u>\$ 4,812,986</u>

FLORIDA INSTITUTE OF TECHNOLOGY, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****YEARS ENDED APRIL 30, 2018 and 2017**

3. PLEDGES RECEIVABLE, NET

Pledges receivable, discounted using a risk-free rate of 3%, are expected to be realized in the following time frames at April 30:

	<u>2018</u>	<u>2017</u>
Due:		
Less than one year	\$ 884,231	\$ 684,355
One year to five years	1,304,353	1,470,292
More than five years	<u>1,024,390</u>	<u>1,256,134</u>
Total	3,212,974	3,410,781
Less: discount	(410,397)	(438,834)
Less: allowance for doubtful accounts	<u>(524,842)</u>	<u>(419,714)</u>
Pledges receivable, net	<u>\$ 2,277,735</u>	<u>\$ 2,552,233</u>

One pledge from a related party had a balance of \$2,200,000 (68% of pledges receivable) as of April 30, 2018.

4. PREPAID EXPENSES, INVENTORIES AND OTHER ASSETS, NET

Prepaid expenses, inventories and other assets consisted of the following at April 30:

	<u>2018</u>	<u>2017</u>
Prepaid expenses	\$ 2,486,800	\$ 1,964,588
Prepaid insurance	1,857,037	1,900,388
Prepaid rent	1,254,167	1,312,500
Inventories	987,618	971,903
Other	<u>679,677</u>	<u>676,943</u>
Prepaid expenses, inventories, and other assets, net	<u>\$ 7,265,299</u>	<u>\$ 6,826,322</u>

5. STUDENT LOANS RECEIVABLE, NET

Student loans receivable consisted of the following at April 30:

	<u>2018</u>	<u>2017</u>
Perkins	\$ 5,003,730	\$ 4,614,081
Merit	162,766	179,472
Frueauff	<u>3,363</u>	<u>3,363</u>
Total	5,169,859	4,796,916
Less: allowance for doubtful accounts	<u>(331,126)</u>	<u>(85,848)</u>
Student loans receivable, net	<u>\$ 4,838,733</u>	<u>\$ 4,711,068</u>

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2018 and 2017

5. STUDENT LOANS RECEIVABLE, NET (continued)

Loans to students include participation in the Perkins Federal revolving loan program. The availability of funds for loans under the program is dependent on reimbursements to the pool from repayments on outstanding loans. Funds advanced by the Federal government of \$4,539,251 and \$4,636,651 at April 30, 2018 and 2017, respectively, are ultimately refundable to the government and are classified as liabilities in the consolidated statements of financial position. Outstanding loans cancelled under the program result in a reduction of the funds available for loans and a decrease in the liability to the government. During 2018, the Perkins Federal revolving loan program was suspended by the Federal Government. Based on this suspension, loans are no longer being disbursed to students. The liquidation of funds will be made in accordance with established guidelines to be determined by the Department of Education. The University has increased the allowance for the Perkins program to account for the changes in the program.

6. INVESTMENTS

Investments consisted of the following at April 30:

	2018	2017
Short term investments	\$ 1,690,306	\$ 2,465,217
Debt mutual funds	3,685,079	3,207,849
US government notes and bonds	1,744,373	1,727,687
Corporate bonds	7,566,711	5,141,040
Mortgage/asset backed securities	7,726,087	6,709,827
Municipal bonds	1,200,873	1,075,536
Equity mutual funds	26,567,910	20,932,081
Common stocks	29,954,963	30,115,448
Alternative investments	2,471,761	2,143,772
Surplus notes	640,000	640,000
Total investments	<u>\$ 83,248,063</u>	<u>\$ 74,158,457</u>

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2018 and 2017

6. INVESTMENTS (continued)

Net realized and unrealized gains and losses on investments consisted of the following for the years ended April 30:

	<u>2018</u>	<u>2017</u>
Unrestricted		
Endowments:		
Realized gain/(loss)	\$ 474,059	\$ 294,288
Temporarily restricted		
Endowments:		
Realized/unrealized gain/(loss)	5,031,609	6,140,676
Annuity contracts & charitable remainder trusts:		
Realized gain/(loss)	140,210	186,138
Subtotal	<u>5,171,819</u>	<u>6,326,814</u>
Total realized and unrealized gains / (losses), net	<u>\$ 5,645,878</u>	<u>\$ 6,621,102</u>

Concentrations of market risk included the following at April 30:

	<u>2018</u>		<u>2017</u>	
	Amount	Percentage	Amount	Percentage
EuroPacific growth fund	\$ 18,167,312	22%	\$ 12,840,494	17%
Vanguard Russell 1000 Growth	\$ -	0%	\$ 13,475,997	18%

7. LONG-LIVED ASSETS, NET

Long-lived assets consisted of the following at April 30:

	<u>2018</u>	<u>2017</u>
Land	\$ 9,210,513	\$ 9,210,513
Building and land improvements	31,856,489	30,184,193
Buildings	121,435,186	121,824,186
Equipment - Siemens energy project	15,870,042	15,870,042
Equipment	13,998,146	12,293,319
Vehicles and boats	2,207,645	2,212,323
Aircraft	9,339,968	8,934,959
Software	1,275,297	1,271,398
Library materials	609,212	606,009
Construction in progress	1,144,005	397,304
Total	<u>206,946,503</u>	<u>202,804,246</u>
Less: accumulated depreciation and amortization	<u>(82,872,233)</u>	<u>(75,706,210)</u>
Long-lived assets, net	<u>\$ 124,074,270</u>	<u>\$ 127,098,036</u>

Depreciation expense was \$7,398,169 and \$7,784,380 for the years ended April 30, 2018 and 2017, respectively.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2018 and 2017

8. ENDOWMENTS

Spending Policy

The University has a spending policy that governs the rate at which funds are transferred from the endowment to the operating fund. The annual allocation to the operating fund is calculated as a percentage of the endowment fair value. The policy allows for a transfer of 5% of the fair value during the subsequent fiscal year by using a moving average, computed on the last three calendar years of endowment fair values. Transfers were made in accordance with the aforementioned spending policy, and amounted to \$3,031,847 and \$3,027,420 for the years ended April 30, 2018 and 2017, respectively.

Investment Policy

In approving endowment spending and related policies, as part of the prudent and diligent discharge of its duties, the Board of Trustees of the University, as authorized by the State of Florida, has relied upon the actions, reports, information, advice and counsel taken or provided by its duly constituted committees and the duly appointed officers of the University, including University counsel, and in doing so has interpreted the law to require the preservation of the historic dollar value of donor-restricted endowment funds, absent explicit donor direction to the contrary.

As a result of this interpretation, for accounting and consolidated financial statement purposes, the University classifies as permanently restricted net assets the historic dollar value of assets held as donor-restricted endowment, including any subsequent gifts and any accumulations to donor-restricted endowments made in accordance with the direction of the applicable gift instruments.

The endowment net asset balance consisted of the following at April 30:

	<u>2018</u>	<u>2017</u>
Donor-restricted endowment fund		
Temporarily restricted	\$ 17,274,213	\$ 13,243,797
Permanently restricted	<u>52,935,136</u>	<u>51,902,239</u>
Total Donor-restricted	<u>70,209,349</u>	<u>65,146,036</u>
Board-designated endowment fund		
Unrestricted	<u>10,189,067</u>	<u>6,114,448</u>
Total funds	<u>\$ 80,398,416</u>	<u>\$ 71,260,484</u>

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2018 and 2017

8. ENDOWMENTS (continued)

Investment Policy (continued)

The changes in the University's endowments as of and for the years ended April 30, 2018 and 2017 are below:

	2018			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets -				
Beginning of year	\$ 6,114,448	\$ 13,243,797	\$ 51,902,239	\$71,260,484
Investment income	210,925	2,243,243	-	2,454,168
Realized and unrealized gain on investments - net of fees	443,248	4,704,115	-	5,147,363
Additions to investment pool - net	3,559,424	-	756,104	4,315,528
Appropriation of endowment assets for expenditure	(138,979)	(2,892,868)	-	(3,031,847)
Reclassification	-	-	276,793	276,793
Transfer for underwater endowments	-	(24,073)	-	(24,073)
Endowment net assets -				
End of year	<u>\$ 10,189,066</u>	<u>\$ 17,274,214</u>	<u>\$ 52,935,136</u>	<u>\$ 80,398,416</u>
	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets -				
Beginning of year	\$ 2,845,147	\$ 8,435,736	\$ 51,317,533	\$ 62,598,416
Investment income	89,398	1,863,702	-	1,953,100
Realized and unrealized (loss) on investments - net of fees	281,892	5,882,103	-	6,163,995
Additions to investment pool - net	3,039,920	-	392,507	3,432,427
Appropriation of endowment assets for expenditure	(141,909)	(2,885,511)	-	(3,027,420)
Reclassification	-	-	192,199	192,199
Transfer for underwater endowments	-	(52,233)	-	(52,233)
Endowment net assets -				
End of year	<u>\$ 6,114,448</u>	<u>\$ 13,243,797</u>	<u>\$ 51,902,239</u>	<u>\$ 71,260,484</u>

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2018 and 2017

9. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following at April 30:

	<u>2018</u>	<u>2017</u>
Accounts payable	\$ 1,956,090	\$ 1,086,696
Accrued expenses		
Accrued salaries and wages	8,711,562	3,448,993
Accrued vacation	4,657,571	4,897,153
Due to BISK Education	2,380,792	2,937,627
Deferred rent	7,802,353	7,079,621
Other accrued expenses	<u>3,505,419</u>	<u>2,416,875</u>
Total accounts payable and accrued expenses	<u>\$ 29,013,787</u>	<u>\$ 21,866,965</u>

10. DEPOSITS AND DEFERRED REVENUE

Deposits and deferred revenue consisted of the following at April 30:

	<u>2018</u>	<u>2017</u>
Deposits	\$ 3,213,102	\$ 2,385,917
Deferred revenue/tuition	<u>8,920,376</u>	<u>7,687,875</u>
Total deposits and deferred revenue	<u>\$ 12,133,478</u>	<u>\$ 10,073,792</u>

11. ANNUITIES PAYABLE

The University is a party to several forms of split-interest contracts and agreements. In return for a lump-sum payment to the University or to an outside trustee, the donor specifies a beneficiary (or beneficiaries) who receive periodic payments, usually for the beneficiary's lifetime. The University is named as a remainder beneficiary. Upon the death of the beneficiary, the University receives the residual funds.

During the term of the agreement, funds are invested with the objective of providing income to fund periodic payments to beneficiaries and provide some growth through appreciation for the remainder interest. At April 30, 2018 and 2017, the University was a party to the following types of split-interest agreements:

- Annuity contracts
- Charitable remainder trusts

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2018 and 2017

11. ANNUITIES PAYABLE (continued)

The University serves as trustee/administrator for the annuity programs and records the investment and actuarial liability for annuities payable in its consolidated financial statements as temporarily restricted net assets. Trustees for the charitable remainder trusts are designated by the donor. When the University is the trustee, the trust assets, liabilities, revenues and expenses are recorded in the University's consolidated financial statements. In those cases where the University is not the trustee, only the estimated present value of the future remainder interest is recognized.

On an annual basis, the University revalues the liability related to future distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments are calculated using the current annual period treasury yield rate and applicable mortality tables for each beneficiary.

Annuities payable consisted of the following at April 30:

	<u>2018</u>	<u>2017</u>
Charitable remainder trusts	\$ 1,808,875	\$ 1,824,005
Annuities payable	<u>136,515</u>	<u>193,694</u>
Total annuities payable	<u>\$ 1,945,390</u>	<u>\$ 2,017,699</u>

12. CAPITAL LEASE OBLIGATIONS

Siemens Performance Contract

On September 24, 2009, the University entered into an agreement with Siemens Public, Inc. ("Siemens") to lease various types of equipment under a performance contract agreement ("Siemens contract") with Siemens Building Technologies.

The initial contract lease under the Siemens contract was refinanced on September 24, 2014 to reduce the effective annual interest rate from 5.77% to 3.0%, and to extend the term to allow for payment of the previous balloon payment over an additional nine years through September 2029. As of April 30, 2018 and 2017, this capital lease obligation was \$6,358,518 and \$6,818,701 respectively.

On September 30, 2014, the University entered into a second capital lease under the Siemens contract for additional equipment, the purchase and installation of which was completed during the year ending April 30, 2016. In accordance with the terms of this capital lease, Siemens advanced \$5.5 million to the University at inception for the anticipated total cost of the equipment and its installation. The funds were deposited to an escrow account in the name of the University and were disbursed as the purchases and installation progressed. This lease has an effective annual interest rate of 3.2% that was charged from the date of the initial advance. Monthly payments commenced in October 2015 and extend through September 2033. As of April 30, 2018 and 2017, this capital lease obligation was \$5,047,847 and \$5,297,208, respectively.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2018 and 2017

12. CAPITAL LEASE OBLIGATIONS (continued)

The Center for Aeronautics and Innovation

On April 17, 2013, the University entered into an agreement with the City of Melbourne Airport Authority to lease the property now known as the Center for Aeronautics and Innovation ("CAI").

The agreement is a 40 year lease with monthly payments beginning January 1, 2014. It contains both a capital lease component for the building and an operating lease component for the land.

The University has the option to extend the lease for two additional terms of five years each. The initial rent is based on 31,000 square feet of floor space and includes a building lease rate of \$6.26 per square foot. As of April 30, 2018 and 2017, the total capital lease obligation was \$4,029,238 and \$4,070,445, respectively.

Total Capital Leases

The following represents assets held under capital leases by major classes, which are included in long-lived assets at April 30:

	<u>2018</u>	<u>2017</u>
Capital Leases on Equipment	\$ 17,963	\$ -
Building - CAI	4,100,000	4,100,000
Equipment - Siemens energy project	15,870,042	15,870,042
Subtotal	19,988,005	19,970,042
Less: accumulated depreciation	(6,457,058)	(5,562,589)
Total assets held under capital lease	<u>\$ 13,530,947</u>	<u>\$ 14,407,453</u>

The interest rates on the lease obligations range from 3% to 3.771%, and mature from 2019 through 2053.

The present value of future minimum lease payments under capital leases for the next five years ending April 30 and thereafter are as follows:

2019	\$ 1,274,123
2020	1,277,479
2021	1,277,875
2022	1,272,715
2023	1,272,715
Thereafter	<u>15,232,057</u>
Total minimum lease payments	21,606,964
Less amounts representing interest	<u>(6,157,331)</u>
Present value of net minimum lease payments	<u>\$ 15,449,633</u>

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2018 and 2017

12. CAPITAL LEASE OBLIGATIONS (continued)

Total Capital Leases (continued)

The carrying value of capital lease obligations approximates fair value. These financial instruments bear rates that approximate current market rates for debt of similar credit quality and maturities.

13. LINE OF CREDIT

The University has a line of credit, which consists of a promissory note agreement with a commercial bank, under which the University may borrow up to \$15,000,000 for working capital purposes. On November 12, 2008, the University entered into an office lease agreement with Broadstone FIT Florida, LLC for the Harris Commons (formerly known as Florida Tech Commons) building. A portion of the Line of Credit was used to secure an Irrevocable Letter of Credit for \$3,032,000 to be used as a security deposit for this lease as required by the second amendment to this lease dated December 13, 2010. The remaining available line of credit balance of \$11,968,000 is payable on demand and is subject to certain restrictions. At April 30, 2018 and 2017, the University had no outstanding balances under this agreement. The floating interest rate is based on the one-month LIBOR plus 1.75% (3.75% at April 30, 2018). In addition, a quarterly fee is charged to the University based on the unused balance. The University has pledged tuition and fees and unrestricted revenues as collateral for the line of credit.

14. LONG-TERM DEBT

Long term debt consisted of the following at April 30:

	2018	2017
18 year annuity contract mortgage, fixed interest rate of 5.824%, maturing January 15, 2032, collateralized by real estate.	\$ 1,801,908	\$ 1,888,907
2013 Series A Brevard County bonds, fixed interest rate 2.45%, maturing July 1, 2032. Collateral for these bonds is tuition and fee revenue.	19,010,000	20,245,000
2013 Series B Brevard County bonds, fixed interest rate 2.45%, maturing February 1, 2043. Collateral for these bonds is tuition and fee revenue.	9,019,811	9,279,406
Long-term debt	<u>\$ 29,831,719</u>	<u>\$ 31,413,313</u>

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2018 and 2017

14. LONG-TERM DEBT (continued)

Scheduled principal payments on the above obligations due in each of the next five years ended April 30 and thereafter are as follows:

2019	\$	1,648,312
2020		1,719,929
2021		1,788,196
2022		1,866,417
2023		1,940,186
Thereafter		<u>20,868,679</u>
Total	\$	<u>29,831,719</u>

The carrying value of long-term debt approximates fair value. These financial instruments bear rates that approximate current market rates for debt of similar credit quality and maturities.

Interest expense and debt services fees for all debt obligations for the years ended April 30, 2018 and 2017 totaled \$1,350,507 and \$1,422,905, respectively.

The bonds contain certain financial covenants with respect to cash flow and debt ratios for which the University was in compliance at April 30, 2018 and 2017.

15. RESTRICTIONS ON NET ASSETS

Restricted net assets consisted of the following at April 30:

	<u>2018</u>	<u>2017</u>
Temporarily restricted net assets:		
Programs and passage of time	\$ 4,263,396	\$ 4,228,611
Annuity and similar funds	<u>19,560,974</u>	<u>15,658,845</u>
Total temporarily restricted net assets	<u>\$ 23,824,370</u>	<u>\$ 19,887,456</u>
Permanently restricted net assets:		
General endowments	\$ 7,577,565	\$ 7,964,132
Scholarship endowments	17,545,023	17,252,497
Departmental endowments	27,812,547	26,685,609
Endowed pledges	<u>251,065</u>	<u>337,935</u>
Total permanently restricted net assets	<u>\$ 53,186,200</u>	<u>\$ 52,240,173</u>

Net assets released from restrictions, as reported on the consolidated statement of activities, occur primarily by incurring expenses satisfying the restricted purposes, principally for construction, instruction, research, and departmental support or by the passage of time.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2018 and 2017

16. OTHER REVENUES

Other revenues included in the consolidated statement of activities consisted of the following for the years ended April 30:

	<u>2018</u>	<u>2017</u>
Scott Center, camps and rentals	3,031,962	2,433,803
Commissions, rebates and other	1,158,858	1,669,842
Admission and miscellaneous fees	563,603	767,977
Student organizations revenue	287,309	467,850
Total other revenues	<u>\$ 5,041,732</u>	<u>\$ 5,339,472</u>

17. FUNDRAISING

Fundraising expenses consisted of the following for the years ended April 30:

	<u>2018</u>	<u>2017</u>
General	\$ 3,147,332	\$ 3,690,279
WFIT Radio Station	152,274	201,934
Athletics	832,149	920,857
Total fundraising expenses	<u>\$ 4,131,755</u>	<u>\$ 4,813,070</u>

In addition to the expenses above, individual departments of the University host fundraisers throughout the year. Fundraising expenses incurred at the individual department level are included with their program expenses.

18. EMPLOYEE BENEFIT PLAN

The University maintains a defined contribution plan. An employee is eligible to contribute to the plan on date of hire. After 30 days of continued service, if an employee elects to contribute to the plan, the University may match this contribution up to 5% of the employee's salary. This match contribution was suspended for the majority of the year ended April 30, 2018. Retirement plan contributions for the years ended April 30, 2018 and 2017, were \$347,344 and \$2,966,895, respectively.

19. RELATED PARTY TRANSACTIONS

The University has liabilities due to parties related through current and former employment and board relationships, including lifetime annuities and charitable remainder trust lifetime annuities. Payment terms vary from monthly to quarterly. The total outstanding liability to all related parties at April 30, 2018 and 2017 was \$292,786 and \$380,706, respectively.

The University has pledge receivables with various Board members or their affiliated companies. The total pledge receivables from Board members at April 30, 2018 and 2017 were approximately \$2,365,000 and \$2,450,000, respectively.

The University has an agreement with BISK, which is owned by a board member, to develop various online degree programs and to market and recruit students for those programs.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2018 and 2017

20. COMMITMENTS AND CONTINGENCIES

Legal

The University is involved in various legal actions arising in the normal course of activities and is also subject to periodic audits and inquiries by various regulatory agencies. Although the ultimate outcome is not determinable at this time, management, after taking into consideration advice of legal counsel, believes that the resolution of these pending matters should not have a material adverse effect upon the University's financial position.

BISK

On January 13, 2006, the University entered into a 20-year agreement with BISK for collaboration of development and marketing of the University's for-credit distance learning program. BISK and the University will comply with accreditation standards of The Southern Association of Colleges and Schools, and any accreditation body that the University elects to join. The first 16 years of this agreement is non-cancelable, and once the 20-year term expires, BISK may extend this agreement in increments of 5 years. The payment terms to the University are based on a sharing arrangement of gross revenue adjusted for expenses in accordance with the contractually negotiated percentages for each respective program.

Ellucian

The University is party to an agreement with Ellucian, to provide onsite technology management services and software licensing for computer system support which expires on December 31, 2020. The agreement requires an annual payment for support services of approximately \$1.5 million plus hourly fees for additional services and annual maintenance and license fees. Total fees paid to Ellucian for the years ended April 30, 2018 and 2017 were \$1,902,393 and \$2,056,414, respectively.

WFIT Building Contingency

On January 13, 2011, WFIT Radio Station (the "Station", a department of the University) entered an agreement with the Florida Department of Education ("FDOE") to construct and furnish a new radio station. Construction was completed during the year ended April 30, 2013 at a total cost of \$1,574,820 for the building. The station also spent \$395,799 for improvements to connect the new building to existing structures. Upon completion, the FDOE leased the new building to the Station for 20 years at \$1 per year with four successive renewal options of five years each, for a total of 40 years, at the end of which title to the building transfers to the Station. Due to the bargain rent and title transfer, and upon completion of the building and start of the lease, this transaction was considered to be the contribution of a building with an estimated fair value equal to its total cost that is temporarily restricted for use as a radio station over the extended lease term, which also coincides with the building's estimated useful life. This temporarily restricted contribution is being released from restriction on a straight-line basis over the 40 year lease term while the building is being depreciated on a straight-line basis over 50 years, its useful life in accordance with the normal depreciation policy of the University for similar assets.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2018 and 2017

20. COMMITMENTS AND CONTINGENCIES (continued)

Insurance Pool

The University is a member of the Florida Independent Colleges and Universities Risk Management Association, Inc. (“FICURMA”) insurance pool which includes, but is not limited to, coverage of property, general and auto liability, workers’ compensation, and excess crime. FICURMA was formed to assist universities in the State of Florida in controlling insurance costs. There is a risk that additional assessments could be incurred by the University as the result of this insurance pool. However, management does not believe any additional assessments exist as of April 30, 2018.

Operating Leases

The University Financing Foundation (TUFF) Florida Tech LLC

The University entered into a 30-year operating and ground lease with TUFF Florida Tech LLC for residence halls, a dining facility, a parking garage, an aquatic facility and a research laboratory. Rent payments on the facilities range between \$35,000 and \$63,000 per month and escalate annually at a fixed rate per facility of 1-2% each. The University retains ownership of the land, and acts as lessor on the ground lease. All facilities were completed from 2008 to 2011. The lease expires October 2039.

Melbourne Airport Authority

Buehler Building

The University entered into a ground lease with the Melbourne Airport Authority to lease property for a period of forty years starting March 1, 2009. Base rent for the property is \$0.15 per square foot of the property for the first five years, and is paid monthly. The estimated square footage disclosed in the lease is approximately 435,600 square feet.

Additionally, the University entered into an improved land lease March 1, 2009. The rent is based upon the Melbourne Airport Authority’s construction expenses, amortized over a 35-year period at the rate of one-year LIBOR (1.9% at April 30, 2018) plus 200 basis points.

On the fifth anniversary of the Rent Commencement Date, and all subsequent fifth anniversaries, the base rent and the improved land lease rent shall be increased by a factor of the Consumer Price Index for the previous five-year period. According to the terms of the agreement, the annual percentage increase will not be less than 2% or more than 5% per year for each of the previous five-year periods.

The University is responsible for real estate taxes, fees, and assessments on the property. The University has an option to extend the lease for four additional terms of five years each.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2018 and 2017

20. COMMITMENTS AND CONTINGENCIES (continued)

Operating Leases (continued)

Melbourne Airport Authority (continued)

Center for Aeronautics and Innovation

As described in Note 12, the University entered into a 40-year land lease on April 17, 2013 with the Melbourne Airport Authority for the Center for Aeronautics and Innovation. The lease includes an incremental escalation every five years, equal to the percentage increase in the Consumer Price Index. The increase will not be less than 2% or more than 5% per year.

Harris Commons

The University entered into a 15-year triple net operating office lease with Broadstone FIT Florida, LLC in March 2012. The University occupies all 62,523 square feet of the building. Gross rental payments (base rent) for the first twelve (12) months of the term are equal to \$18.75 per square foot, and are paid monthly. According to the terms of the agreement, the annual percentage increase based on the changes in the consumer price index will not be less than 1.5% or more than 3% per year.

The University is responsible for real estate taxes, fees, and assessments on the property.

The University is a lessee in other leasing obligations with monthly payments ranging from \$800 to \$13,400. The lease terms range from one to five years. Total facilities rent expense recognized for the years ended April 30, 2018 and 2017 was \$7,299,044 and \$7,082,248, respectively.

Total Operating Leases

In accordance with FASB ASC 840, *Leases*, the University recognizes lease expense over the course of the lease agreements using the straight-line method. Leasing commitments for the next five years ending April 30 and thereafter are as follows:

2019	\$	6,064,428
2020		6,180,873
2021		6,272,163
2022		6,364,888
2023		6,459,069
Thereafter		<u>104,700,608</u>
Total lease payments	\$	<u>136,042,029</u>

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2018 and 2017

21. FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosure*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 fair value measurements) and the lowest priority to unobservable inputs (level 3 fair value measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the University has the ability to access.

Level 2 Inputs to the valuation methodology include

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Level 3 Fair Value Measurements

Surplus note - Held with association, is not actively traded, and significant other observable inputs are not available; thus, the fair value of the surplus note is determined by discounting the related cash flows based on current yields of similar instruments with comparable durations and historical returns on the note. The fair value of surplus notes is equal to the discounted future expected cash flows of the note.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2018 and 2017

21. FAIR VALUE MEASUREMENTS (continued)

The following table summarizes the relevant valuation information used to calculate the fair value of level 3 assets as of April 30, 2018 and 2017:

<u>Type</u>	<u>Fair Value</u>	<u>Valuation Technique</u>	<u>Significant Unobservable Inputs</u>	<u>Rate or Range of rates</u>
			Discount rate	10.63%
Surplus notes	\$ 640,000	Discounted expected futures cash flows	Expected rate of return	10%

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the University believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the University's investments at fair value as of April 30, 2018.

<u>Description</u>	<u>Total</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Investments				
Short-term investments	\$ 1,690,306	\$ 1,690,306	\$ -	\$ -
Debt mutual funds	3,685,079	3,685,079	-	-
US government notes and bonds	1,744,373	1,744,373	-	-
Corporate bonds	7,566,711	7,566,711	-	-
Mortgage/asset backed securities	7,726,087	7,726,087	-	-
Municipal bonds	1,200,873	1,200,873	-	-
Equity mutual funds	26,567,910	26,567,910	-	-
Common stocks	29,954,963	29,954,963	-	-
Alternative investments	2,471,761	2,471,761	-	-
Surplus notes	640,000	-	-	640,000
Total Investments	<u>\$ 83,248,063</u>	<u>\$ 82,608,063</u>	<u>\$ -</u>	<u>\$ 640,000</u>

FLORIDA INSTITUTE OF TECHNOLOGY, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****YEARS ENDED APRIL 30, 2018 and 2017**

21. FAIR VALUE MEASUREMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, the University's investments at fair value as of April 30, 2017.

Description	Total	(Level 1)	(Level 2)	(Level 3)
Investments				
Short-term investments	\$ 2,465,217	\$ 2,465,217	\$ -	\$ -
Debt mutual funds	3,207,849	3,207,849	-	-
US government notes and bonds	1,727,687	1,727,687	-	-
Corporate bonds	5,141,040	5,141,040	-	-
Mortgage/asset backed securities	6,709,827	6,709,827	-	-
Municipal bonds	1,075,536	1,075,536	-	-
Equity mutual funds	20,932,081	20,932,081	-	-
Common stocks	30,115,448	30,115,448	-	-
Alternative investments	2,143,772	2,143,772	-	-
Surplus notes	640,000	-	-	640,000
Total Investments	<u>\$74,158,457</u>	<u>\$73,518,457</u>	<u>\$ -</u>	<u>\$ 640,000</u>

22. DEFERRED INCOME TAXES

The University has unrelated business income which is not exempt from federal income taxes, including the activities of its wholly owned subsidiary, FIT Aviation, LLC. For the years ended April 30, 2018 and 2017, there was no provision for federal income taxes because the total of these activities resulted in a net loss and the benefit derived therefrom has been offset by a valuation allowance.

The University's deferred tax asset is based on operating loss carryforwards. A deferred income tax valuation allowance has been provided for the years ended April 30, 2018 and 2017. The valuation allowance reduces the deferred tax asset to an amount that represents management's best estimate of the amount of such deferred tax asset that will actually be realized.

An adjustment was recognized in the current year to the balance of the deferred tax assets and the corresponding allowance based on a federal income tax rate change. The effect of this rate change was a reduction of the value of the deferred tax assets of approximately \$4 million.

As of April 30, 2018, the University had federal net operating loss carryforwards of approximately \$23.9 million, which includes a net operating loss of approximately \$200,000 for the year ended April 30, 2018.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2018 and 2017

22. DEFERRED INCOME TAXES (continued)

The University's deferred tax asset is as follows at April 30:

	<u>2018</u>	<u>2017</u>
Deferred tax assets:		
Non-current:		
Net operating loss carryforwards	\$ 5,032,000	\$ 8,926,000
Valuation allowance for net non-current deferred tax assets	<u>(5,032,000)</u>	<u>(8,926,000)</u>
Total deferred tax assets	<u>\$ -</u>	<u>\$ -</u>

23. SUBSEQUENT EVENTS

Subsequent to April 30, 2018, the University entered into a new contract for software technology. This contract represents a commitment of the University of approximately \$5 million over the course of the next 5 years.

The University's management has evaluated subsequent events through August 31, 2018, the date the consolidated financial statements were available to be issued, and has determined that no additional subsequent events have occurred that require disclosure.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
AS OF APRIL 30, 2018

Federal or State Grantor / <i>Pass-through Grantor</i> / Program Title	Federal CFDA State CSFA Numbers	Agency Contract/Grant Number	Federal / State Expenditures	Passed Through to Subrecipients
<u>FEDERAL</u>				
RESEARCH AND DEVELOPMENT CLUSTER:				
<u>U.S. DEPARTMENT OF COMMERCE</u>				
<u>National Oceanic & Atmospheric Administration - NOAA</u>				
<i>Florida Sea Grant</i> , Characterization & Modeling of the Damage	11.417	NA14OAR4170108	\$ 30,493	\$ -
<u>National Institute of Standards and Technology:</u>				
<i>Energy Florida</i> , Consortium for Advanced Production and Engineering	N/A	70NANB15H069	19,705	-
<u>Economic Development Administration:</u>				
Center for Advanced Manufacturing and Innovative Design	11.307	04-79-07091	911,805	-
Subtotal, U.S. Department of Commerce:			962,003	-
<u>NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION</u>				
Multi-Regional HAB Toxin Diagnostics for the Marine Mammal	11.439	NA16NMF4390151	41,066	-
Multi-Regional HAB Toxin Diagnostics for the Marine Mammal	11.439	NA17NMF4390082	10,760	-
An Ensemble-Based Approach to Forecasting Surf, Set-up, and	11.468	NA14NWS4680014	27,501	-
An Ensemble-Based Approach to Forecasting Surf, Set-up, and	11.468	NA14NWS4680014	36,522	-
<i>IM Systems Group</i> , National Mesonet Metadata Database	N/A	DG133W-10-CN-0111	59	-
Subtotal, National Oceanic and Atmospheric Administration:			115,908	-
<u>U.S. DEPARTMENT OF DEFENSE</u>				
<u>Office of Naval Research:</u>				
Advanced Nontoxic Anti-Fouling Coatings Research	12.300	N00014-10-1-0919	717	-
Advanced Nontoxic Anti-Fouling Coatings Research, Test Site Facility	12.300	N00014-16-1-3123	277,054	-
Large Scale Seawater Facility for Development of Hullbug	12.300	N00014-11-1-0915	(31,879)	-
Large Scale Seawater Facility for Development of Ship Hull Grooming	12.300	N00014-16-1-3050	326,955	-
Exploring the Role of Topography and Land-sea Contrast	12.300	N00014-16-1-3091	82,273	-
Development of a STEM Education Program in Support of Naval Flight	12.300	N00014-16-1-3170	181,165	-
<i>L-3 Communications</i> , Marine Fouling Study	N/A	20201	5	-
<i>NRL</i> , Field Testing of Oil Bloom Coating	N/A	N00167-15-P-0269	(880)	-
<i>ASEC</i> , Cognitive Task Analysis of Naval Combat Crews	N/A	N61340-15-C-0024	22,698	-
<i>ASEC</i> , Cognitive Task Analysis of Naval Combat Crews Option 3.1	N/A	N61340-15-C-0024	41,433	-
<i>ASEC</i> , Cognitive Task Analysis of Naval Combat Crews Option 3.4	N/A	N61340-15-C-0024	15,484	-
<u>Department of the Air Force:</u>				
<i>Griffiss Institute</i> , Conjugate Gradient-based Accelerated Training	N/A	G219-FTT2012	4,717	-
<i>AFOSR</i> , On a Theory of Broadband Absorption Suppression	12.800	FA9550-15-1-0086	68,935	-
<i>Securborator</i> , Joint Collaboration Augmentation for Sensemaking	N/A	FA8750-17-C-0017 AF-FA8650-17- P-6852-FTT	67,748	-
<i>Design Interactive</i> , Noninvasive Gauge to Assess and Utilize Goal-	N/A	P-6852-FTT	64,153	-
<i>Patrick AFB</i> , Cross-cultural Competence (3c) Support Defense	N/A	FA2521-12-P-0166	203	-
<i>Patrick AFB</i> , Windspeed Probability Tool Analysis	11.467	FA2521-11-P-0152	(13)	-
<i>Raytheon BBN/ AFRL</i> , Defense Quantification Service	N/A	FA8750-15-C-0067	127,441	-
<i>Raytheon BBN/ AFRL</i> , Behavior-extracting Autonomous Resiliency Toolkit	N/A	FA8750-16-C0053	133,986	-
<i>Raytheon BBN/ DARPA</i> , Adaptive Resource Management				
Enabling Deception	N/A	HR0011-16-C-0058	235,102	-
<i>Raytheon BBN/ AFRL</i> , Integrated Decision Engine for Evolving Defenses	N/A	FA8750-16-C0205	110,025	-
<i>Raytheon BBN/ AFRL</i> , Derived and Integrated Cyber Effects	N/A	FA8750-17-C-0209	39,671	-
<i>AFRL</i> , ADW: Semi-automated Moving Target Defense Wrapping	N/A	FA8750-15-C-0061	560,542	176,852
<i>AFRL</i> , Quantum Coherence in Reactive Oxygen Species (ROS) Biology	12.800	FA9550-17-0456	29,590	-
<u>Other Department of Defense Programs:</u>				
<i>Univ. of Florida</i> , Multi-Scale Coupling Strategies for Multi-physics simulation tools	12.351	HDTRA1-14-1-0031	11,391	-
<i>Mainstream Engineering</i> , Development of Modular Thermal Management	N/A	N000253-16-P-0258	3,745	-
<i>UCF/DARPA</i> , Deep Agent: A Framework for Information Spread	12.999	FA8650-18-C-7823	28,845	-
<i>NCAT</i> , A Computation Framework for Modeling Cyber Identity	N/A	21069C	189,341	-
<i>NSA/MD Procurement Office</i> , Multi-tier Orchestration Framework	N/A	H98230-18-C-0034	6,668	-
Subtotal, U.S. Department of Defense:			2,597,115	176,852

See independent auditor's report.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
AS OF APRIL 30, 2018

Federal or State Grantor / <i>Pass-through Grantor</i> / Program Title	Federal CFDA State CSFA Numbers	Agency Contract/Grant Number	Federal / State Expenditures	Passed Through to Subrecipients
<u>U.S. DEPARTMENT OF ENERGY</u>				
<u>US CMS Project:</u>				
<i>Fermi Lab.</i> , US CMS 2013 LPC Fellowship	N/A	609712	5,928	-
<i>Fermi Lab.</i> , LPC CMS Detector Upgrade HCAL System for 2014	N/A	616788	40,797	-
<i>Fermi Lab.</i> , US CMS Phase 2 Upgrade R&D Endcap Muons	N/A	627249	1,291	-
<i>BNL.</i> , Development of Large Area GEM Detectors	N/A	DE-AC02-98CH10886	24,548	-
<i>SIEMENS.</i> , Siemens Laser Project - DOE H2 - High Temp TBC	N/A	DE-FC26-05NT42644-ARRA	3,292	-
<u>Other Department of Energy Programs:</u>				
Experimental High Energy Physics Research	81.049	DE-SC0013794	134,594	-
Experimental High Energy Physics Research	81.049	DE-SC0013794	145,133	-
<i>UF.</i> , Development of 3-D Computational Tools for Study of Shock	81.124	DE-NA0002378	36,010	-
Subtotal, U.S. Department of Energy:			391,593	-
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<u>National Institutes of Health:</u>				
<i>UCSF.</i> , Energy Independent Single Photon Molecular Imaging	93.286	5R01EB012965-03	150	-
Cell Cycle Assembly of Nucleoprotein Complexes	93.859	R01GM54042-12A2	690	-
Development of Light Triggered Molecular Tools Critical for Under	93.859	1R15GM112119-01A1	56,782	-
3D Printed Biomimetic Bioglass-Gradient Matrices for ACL Reconstruction	93.846	1R15AR071102-01	33,972	-
3D Printed Biomimetic Bioglass-Gradient Matrices for ACL Reconstruction	93.846	1R15AR071102-01	11,584	-
<u>Health Resources and Human Services:</u>				
Graduate Psychology Education Programs	93.191	1D40HP29822-01-00	336,591	-
<u>National Heart, Lung and Blood Institute:</u>				
Biochemical Pathways of 12- HETE & 12-KETE	97.701	2R01HL081873-16	(253)	-
<u>Center for Disease Control and Prevention</u>				
<i>USF.</i> , Examine Differential Antecedents and Outcomes of Four Type	93.262	T42OH008438-11	6,685	-
Subtotal, U.S. Department of Health and Human Services:			446,201	-
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
<i>The Mitre Corporation.</i> , Pollen Enterprise Database Phase IV	N/A	HSHQDC-14-D-00006	170,080	-
<i>The Mitre Corporation.</i> , Pollen Enterprise Database Phase IV	N/A	HSHQDC-14-D-0006	144,993	-
A Federated Command and Control Infrastructure for Adaptive	N/A	HSHQDC-14-C-B0032	361,096	-
<i>Intelligent Automation.</i> , Shelf-shielding Dynamic Network Architecture	N/A	HHSP233201600073C	32,706	-
Subtotal, U.S. Department of Homeland Security:			708,875	-

See independent auditor's report.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
AS OF APRIL 30, 2018

Federal or State Grantor / <i>Pass-through Grantor</i> / Program Title	Federal CFDA State CSFA Numbers	Agency Contract/Grant Number	Federal / State Expenditures	Passed Through to Subrecipients
<u>DEPARTMENT OF TRANSPORTATION</u>				
FAA, Air Transportation Center of Excellence	20.109	10-C-CST-FIT-002	(6,197)	-
FAA, Air Transportation Center of Excellence	20.109	10-C-CST-FIT-012	6,167	-
FAA, Air Transportation Center of Excellence	20.109	10-C-CST-FIT-026	398	-
FAA, Air Transportation Center of Excellence	20.109	10-C-CST-FIT-030	12,673	-
FAA, COE Partnership to Enhance General Aviation	20.109	12-C-GA-FIT-011	99,876	-
FAA, COE Partnership to Enhance General Aviation	20.109	12-C-GA-FIT-010	(7,945)	-
FAA, COE Partnership to Enhance General Aviation Safety Human Factors	20.109	12-C-GA-FIT-015	1,569	-
FAA, COE Partnership to Enhance General Aviation Safety Database	20.109	12-C-GA-FIT-022	43,757	-
FAA, COE - Onboard Context Sensitive Information System	20.109	15-C-CST-FIT-001	33,526	-
FAA, COE Partnership to Enhance General Aviation Safety, Accessibility	20.109	12-C-GA-FIT-021	16,393	-
FAA, Air Transportation Center of Excellence - Task 353	20.109	15-C-CST-FIT-005	52,249	-
FAA, Flight Demonstration for AoA-limiting Systems on Part 23 Aircraft	N/A	DTFACT-17-C-00001	272,112	49,752
		DTFACT-13-D-00011-		
FAA, Airport safety research & development technical support	N/A	DELORDER0001	920	-
ECS, Human Factors Consideration for Information of Varying Levels	N/A	DTFAWA-16-D-00003	168,715	-
Improving Design Phase Evaluations for High Pile Rebound Soils	N/A	BDV28 TWO 977-05	35,524	-
Confinement of Effect of Metal Railing Narrow Baseplants on Adhesive	N/A	BDV28 TWO 977-06	46,373	-
Quantifying Pile Rebound with Deflection Measuring Systems Best Suited	N/A	BDV28 TWO 977-07	85,564	76,520
Subtotal, State of Florida Department of Transportation:			861,674	126,272
<u>U.S. DEPARTMENT OF THE INTERIOR</u>				
National Park Service , Compilation and Summary of Data to Access	15.954	P15AC01747	46,215	-
Florida Fish & Wildlife Commission, Identifying Coral Refuges	15.634	FL-T-F16AF00528	53,413	-
Subtotal, U.S. Department of the Interior:			99,628	-
<u>U.S. SMALL BUSINESS ADMINISTRATION</u>				
Women's Business Center Sustainability Pilot Program (Option Year 1)	59.043	SBAHQ-15-W-0018	69,217	-
Women's Business Center Sustainability Pilot Program	59.043	SBAHQ-15-W-0018	79,095	-
Subtotal, U.S. Small Business Administration:			148,312	-

See independent auditor's report.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
AS OF APRIL 30, 2018

Federal or State Grantor / <i>Pass-through Grantor</i> / Program Title	Federal CFDA State CSFA Numbers	Agency Contract/Grant Number	Federal / State Expenditures	Passed Through to Subrecipients
<u>NATIONAL SCIENCE FOUNDATION</u>				
I-CORPS: 3D Curvature-defined Microenvironments for Cell and Tissue	47.041	IIP-1627705	12,461	-
Collaborative Research: Measuring Information Content of the Artifacts	47.041	CMMI-1532894	15,425	-
Collaborative Research: Exploring the Evolution of Design Requirements	47.041	CMMI-1463358	33,437	-
Collaborative Research: Improving Capabilities of Micro-scale Vibratory	47.041	CMMI-1561829	58,283	-
Capstone Design Projects in Rehabilitation to Aid Persons with Disabilities	47.041	CBET-1403345	37,848	-
UNS: Novel Biomaterials with Light-controlled CO Release for Modulation	47.041	CBET-1510003	49,873	-
UNS: Novel Biomaterials with Light-controlled CO Release for Modulation	47.041	CBET-1510003	37,245	-
<i>Univ. of Texas at Austin</i> , Natural Hazards Engineering Research	47.041	UTA15-000858	39,047	-
Design Interactive, Virtual Reality Rehabilitation Technologies for Children	47.041	1647093	26,937	-
I-CORPS: Mesh-free Monte Carlo Methods for Integrated Simulation	47.041	IIP-1707563	25,452	-
REU Site: Partial Differential Equations and Dynamical Systems	47.049	DMS-1359074	20,087	-
Chiral Pyridines for Catalytic Organic Transformation	47.049	CHE-1461196	1,072	-
<i>Caltech</i> , Design and Characterization of Composite Membranes	47.049	68D-1096387	82,179	-
Reversible Metastable-state Photoacids	47.049	CHE-1565613	76,961	-
Collaboration Research: Undercovering Nature's 100 TeV Particle	47.049	AST-1716507	36,553	-
Collaboration Research: Blood Clotting at the Extreme	47.049	DMS-1715156	1,750	-
<i>Univ. of Delaware</i> , Time Resolved Studies of Outflows from Massive Stars	47.049	1747658	5,753	-
SHINE: Injection, Acceleration and Transport of Solar Energetic	47.050	AGS-1156056	(836)	-
Collaborative Research - Understanding the Full Range of Amazon	47.050	EAR-1303831	39,791	-
<i>Duke</i> , FESD Type I: The Dynamics of Mountains, Landscapes	47.050	EAR-1338694	64,962	-
Collaborative Research: Deep Drilling of Lake Junin, Peru:	47.050	EAR-1402054	24,346	-
Collaborative Research: Climate Change Mesoscale Oceanography	47.050	OCE-1535007	98,851	-
Waves, Bubbles and Splashes from Jovian Impacts	47.050	AST-1627409	45,439	-
EAGER: Development of a Forensic Pollen Database & Climate Modeling	47.050	AGS-1630493	19,687	-
Collaborative Research Belmont Forum: Vulnerability of Populations	47.050	ICER-1624207	74,138	41,055
Incorporating 3D RMHD Turbulence Simulations & Kinetic Plasma	47.050	AGS-1258998	3,363	-
UNH, Balloon Observation of Gamma-Ray Glows from Thunderstorms	47.050	AGS-1618457	14,391	-
<i>UNH</i> , CEDAR: High Speed Spectroscopic Studies of Lightning Bolts	47.050	N/A	37,175	-
Adjustment of Western Pacific Ocean Coral Reefs to Sea-level Rise	47.050	OCE-1657633	176,518	-
Collaborative Research: RAPID/ Workshop- Antarctic Ecosystem Research	47.050	OPP-1750888	625	-
CRII: SaTC: Hardware Based Authorization & Trusted Platform Module	47.070	CNS-1566530	6,288	-
REU Site: Advances of Machine Learning in Theory & Applications	47.070	CNS-1560345	115,422	-
REU Sites: Research at the Intersection of Biology and Mathematics	47.074	DBI-1359341	69,623	-
IDBR (Type A): Development of App and Web Interface for Automated	47.074	DBI-1152306	14,022	-
IDBR (Type A): Development of App and Web Interface for Automated	47.074	1152306	42	-
IDBR (Type A): Development of App and Web Interface (REU)	47.074	DBI-1152306	111	-
Investigating the Timing and Consequences of Pleistocene Megafaunal	47.074	DEB-1260983	77,372	-
Collaborative Research: RET in Engineering and Computer Science Site	47.076	CNS-1200552	10,900	-
Collaborative Research: STEM Education in Virtual Worlds Workshop Series	47.076	DUE-1650342	14,529	-
Growing the Community College Pipeline for Careers in Civil, Chemical	47.076	DUE-1356455	70,264	-
EDU: Collaborative: HACE Lab: An Online Hardware Security Attach	47.076	DGE-1623299	23,195	-
Collaborative Research: Climate Change and Predatory Invasion	47.078	1141877	11,080	-
CAREER: Micro and Nano Methods to Reveal Cell	47.082	ECCS-0845954	(2)	-
Subtotal, National Science Foundation:			1,571,659	41,055

See independent auditor's report.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
AS OF APRIL 30, 2018

Federal or State Grantor / <i>Pass-through Grantor</i> / Program Title	Federal CFDA State CSFA Numbers	Agency Contract/Grant Number	Federal / State Expenditures	Passed Through to Subrecipients
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<u>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</u>				
<i>Florida Space Grant:</i>				
<i>UCF-FSG, Self-assembly in Biology and the Origin of Life (SABOL)</i>	43.999	NNX10AM01H	140	-
<i>UCF-FSG, Novel Inexpensive Biomanufacturing Platforms for 3D Culture</i>	43.999	NNX15A110H	11,922	-
<i>UCF-FSG, Testing the Wind-shock Paradigm for B-type Star X-ray</i>	43.999	NNX10AM01H	1,280	-
<i>UCF-FSG, Mid to Long IR SPP SPLP Enhanced Hybrid Interometer</i>	43.999	NNX10AM01H	2,597	-
<i>UCF-FSG, Thermal Driven Production of Commodities from Interplanetary</i>	43.999	NNX10AM01H	1,673	-
<i>UCF-FSG, 2016-2017 Hybrid Rocket Competition 2 - Student Teams</i>	43.999	NNX10AM01H	200	-
<i>UCF-FSG, 2017-2018 Hybrid Rocket Competition</i>	43.008	NNX10AM01H	725	-
<i>UCF-FSG, 2016-2017 Student Collaborative Project: NASA Robotic</i>	43.999	NNX10AM01H	12	-
<i>UCF-FSG, 2016-2017 Senior Design Student Project: CubeSat</i>	43.999	NNX10AM01H	(13)	-
<i>UCF-FSG, 2016-2017 Senior Design Student Project: Cerebus</i>	43.999	NNX10AM01H	2	-
<i>UCF-FSG, Cryogenic System Trade Study for a Mars Atmospheric</i>	43.999	NNX10AM01H	7,497	-
<i>UCF-FSG, 2017 Dissertation and Thesis Improvement Fellowship</i>	43.999	NNX10AM01H	1,887	-
		NNX15 020 under		
<i>UCF-FSG, Evaluation of Role of Ionization Using 3D Bioprinted Tissue</i>	43.999	FSGC-02	6,126	-
<i>UCF-FSG, Autonomous Control of Spacecraft Orbital Refueling Acсор</i>	43.999	NNX10AM01H	20,747	-
<i>ERAU, Propellant Depot Modeling</i>	43.999	NNX515-004	5,831	-
<i>2012 2013 Hybrid Rocket Competition</i>	43.990	NNX10AM01H	1,501	-
NASA SHARED SERVICES CENTER:				
<u>NASA Goddard SpaceFlight Center:</u>				
<i>UNH, Mounds, Microclimates, and Maize: Understanding the Influence</i>	43.001	NNX13AO40G	10,114	-
<i>UNH, Multi-scale Investigation of the Energetic Particle Behavior</i>	43.001	NNX14AJ53G	65,184	-
<i>Global System Based Approach to Test a Mechanism of the IBEX</i>	43.001	NNX14AP24G	78,979	26,776
<i>RapidSCAT Sigma-0 and Tb Measurements Validation</i>	43.001	NNX15AT70G	26,955	-
<i>Connecting Theory and Simulations of Turbulence in the Inner</i>	43.001	NNX15AB74G	131,074	-
<i>NASA SFRO: Experimental Investigation of Polyimide Wire Repair System</i>	43.001	NNX16AK66A	16,445	-
<i>A New Tool for Studying Jupiter's Clouds, Storms and Vortices - FIT</i>	43.001	NNX16AQ03G	38,752	-
<i>Regolith Dispersion from Rocket Plume Cratering During Lunar Landing</i>	N/A	NNX12AK72G		
<u>Space Telescope Science Institute (STSCD):</u>				
<i>The Physics of the Jets of Powerful Radio Galaxies and Quasars</i>	N/A	HST-GO-13674.001-A	23,087	-
<i>Solving the X-ray Origin Problem in Kiloparsec-scale Relativistic</i>	N/A	HST-GO-13676.003-A	4,341	-
<i>Extreme Variability in the M87 Jet</i>	N/A	HST-GO-13759.003-A	2,489	-
<i>A Massive Star Census of the Starburst Cluster R136</i>	N/A	HST-GO-13759.003-A	35,370	-
<i>The Physics of the Jets of Powerful Radio Galaxies and Quasars</i>	N/A	HST-GO-14696-001-A	18,376	-

See independent auditor's report.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
AS OF APRIL 30, 2018

Federal or State Grantor / <i>Pass-through Grantor</i> / Program Title	Federal CFDA State CSFA Numbers	Agency Contract/Grant Number	Federal / State Expenditures	Passed Through to Subrecipients
<u>Other NASA Programs:</u>				
<i>UHN</i> , Drought Induced Vegetation Change and Fire in Amazonian Forests	43.001	NNX14AD31G	74,059	-
<i>UMBC</i> , Energetics, Physics, and Impact of Large-scale Jets: Fast	43.001	NNX15AE55G	28,402	-
Probing the Magnetic Structure of the Heliosphere with MeV and TeV	43.001	NNX15AN72G	66,691	21,752
<i>UNM</i> , NASA Swarmathon	43.008	NNX15AM14A	19,791	-
SVGS-Based Navigation of Rings onboard ISS	43.009	NNM17AA03A	16,592	-
<i>SAS</i> , Propellant Automated Rendezvous and Transfer Project Technology	N/A	14-0002	(2,288)	-
<i>SAS</i> , Flow Loss Through Corrugated Lines with Various Bend Angles	N/A	NNJ09GA02B	(583)	-
<i>SAO</i> , NGC 1624-2: The O-type Star with the Strongest Magnetic	N/A	NAS8-03060	1,228	-
<i>SAO</i> , Testing the Wind-shock Paradigm for B-type Star X-ray	43.001	NAS8-03060	21,082	-
<i>CASIS</i> , Development and Deployment of Change Injection Device	N/A	NNH11CD70A	4,298	-
<i>A.I. Solutions</i> , Flexible Body Control Demonstration Using Fiber	N/A	NNK13LA12C	(2,985)	-
<i>A.I. Solutions</i> , Feasibility Study of Solid State Nitrogen Gas Generator	N/A	NNK12LA12C	4,823	-
X-ray Diffraction Analysis of Aggregating Proteins and Amyloid Fibers	N/A	NNK13OB11C	42,287	-
<i>KSC</i> , Propellant Automated Rendezvous and Transfer Project Technology	N/A	NNK14LB27P	1,268	-
<i>JPL</i> , Aerospace-Mechanical-Electrical Integration & Test Model	N/A	NNN12AA01C	1,499	-
<i>Gordon Nelson & Assoc.</i> , New Flexible FR Polyurethane Foams	N/A	NNX13CK18C	9	-
An investigation of Solar Energetic Particles from Poorly Concentrated	N/A	NNX15AB76G	77,478	-
Testing Analytical & Numerical Models in Phase Coarsening Using NASA	43.007	NNX16AT74G	73,976	-
NASA IPA Agreement (Oluseyi)	N/A	N/A	143,298	-
Jaycon Systems, Vision Based Navigation for Formation Flight Onboard ISS	N/A	NNX14CG46P	13,542	-
Cloud Formation In Substellar Atmospheres	43.001	80NSSC18K0183	967	-
<i>Soar Technology</i> , Human Experimentation Toolkit for Variable Physiological Conditions in an Aerospace Environment	N/A	SC-18-006	9,751	-
Subtotal, National Aeronautics and Space Administration:			1,108,478	48,528
<u>U.S. ARMY</u>				
<i>Brockington & Associates</i> , Everglades Paleocology Study	N/A	W912EP-13-F-0020	5,500	-
<i>ARO</i> , Refinement and Validation of the 3CS Assessment Project	12.431	W911NF-16-2-0011	163,243	-
<i>ARO</i> , Predictability Limits in Human Dynamics as a Function of Data	12.431	W911NR-17-1-0127	29,527	-
<i>Modus Operandi</i> , Fluxus SBIR Phase I - Task Order 001	N/A	6272-15-120	6,000	-
<i>Modus Operandi</i> , Fluxus SBIR Phase II - Task Order 002	N/A	6266-15-120	79,667	-
Toward A Theory of Trust Development, Violation, & Repair Across	12.630	W911NF-16-1-0106	74,790	-
Evaluating Cross-Shore Sediment Grain Size Distribution Sediment	12.630	W912HZ-17-2-0011	53,962	-
Evaluating Cross-Shore Sediment Grain Size Distribution Sediment	12.630	W912HZ-17-2-0004	99,164	79,760
<i>Fluxus SBIR Phase I</i>	N/A	W9113M-13-G0045	589	-
<u>US Army Medical Research and Materiel Command:</u>				
<i>Engineering Acoustics</i> , Noninvasive, Head-Mounted Measures of Vestibular	N/A	X81XWH-15-C-0046	1,830	-
Subtotal, U.S. Army:			514,272	79,760
<u>U.S. NAVY</u>				
<i>Versar</i> , Angler Survey and Fish Tissue Analysis at Guantanamo Naval	N/A	N62470-13-D-8017-0010	13,495	-
Technova, STTR: Advanced Flame Resistant System for Carbon Fiber	N/A	N00014-12-C-0432	3	-
<i>Mainstream Engineering</i> , Integrated Health Sensing for Highly Efficient Weapon	N/A	HQ0147-16-7807	61,669	-
Subtotal, U.S. Navy:			75,167	-

See independent auditor's report.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
AS OF APRIL 30, 2018

Federal or State Grantor / <i>Pass-through Grantor</i> / Program Title	Federal CFDA State CSFA Numbers	Agency Contract/Grant Number	Federal / State Expenditures	Passed Through to Subrecipients
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
<i>National Academy of Sciences</i> , Remote Sensing w/ Mobile LiDAR	N/A	FR-RRD-0058-14-01-00	5,296	-
Development and Testing of the Miniaturized Pavement Pressuremeter	N/A	BDV28	74,269	-
Subtotal, U.S. Department of Transportation:			79,565	-
<u>U.S. DEPARTMENT OF JUSTICE</u>				
<i>Office of the Attorney General</i> , Victims of Crime Act (VOCA) 2016-2017	16.575	V169-14046	19,404	-
<i>Office of the Attorney General</i> , Victims of Crime Act (VOCA) 2017-2018	16.575	VOCA-2017-Florida Institute of Tech-00077	26,043	-
Subtotal, U.S. Department of Justice:			45,447	-
<u>UNITED NATIONS, COMPREHENSIVE NUCLEAR-TEST-BAN TREATY ORGANIZATION</u>				
<i>General Dynamics</i> , GDAIS RASA	N/A	27ESM477825	(99)	-
<i>General Dynamics</i> , GDAIS RASA	N/A	51ESM556113	(10)	-
<i>General Dynamics</i> , GDAIS RASA	N/A	51ESM830782	8,285	-
<i>General Dynamics</i> , GDAIS RASA	N/A	51ESM914323	754	-
Subtotal, United Nations, Comprehensive Nuclear-Test-Ban Treaty Org:			8,930	-
<u>ENVIRONMENTAL PROTECTION AGENCY</u>				
<i>IRL Council</i> , The Efficacy of Sediment Aeration As a Complement to Muck	66.456	27866	47	-
<u>U.S. DEPARTMENT OF STATE</u>				
Carbon-14 Elevations as a Indicator of Underground Weapons Testing	N/A	SAQMMA16M2264	72,641	-
<u>OTHER</u>				
<i>Olgoonik Fairweather</i> , ANIMIDA III	N/A	M13PC00019	7,517	-
Subtotal, Research and Development Cluster:			\$ 9,815,032	\$ 472,467
<u>CORPORATION FOR PUBLIC BROADCASTING</u>				
Corporation for Public Broadcasting	N/A	N/A	89,601	-
Subtotal, Corporation for Public Broadcasting:			89,601	-
<u>FLORIDA DEPARTMENT OF EDUCATION</u>				
Race To the Top: STEM Teacher Preparation Programs (ARRA)	84.395A	857-RG511-3P002	640	-
<u>U.S. DEPARTMENT OF VETERANS AFFAIRS</u>				
IPA Agreement - Dr. Che	N/A	580D72093	12,999	-
Post 9/11 Veterans Educational Assistance	64.028	N/A	8,135,270	-
Subtotal, U.S. Department of Veterans Affairs:			8,148,269	-

See independent auditor's report.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
AS OF APRIL 30, 2018

Federal or State Grantor / <i>Pass-through Grantor</i> / Program Title	Federal CFDA State CSFA Numbers	Agency Contract/Grant Number	Federal / State Expenditures	Passed Through to Subrecipients
STUDENT FINANCIAL AID CLUSTER:				
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<u>Federal Supplemental Educational:</u>				
Opportunity Grant Program	84.007	N/A	670,624	-
Federal Work Study Program	84.033	N/A	580,073	-
JLD 11-12	84.033	N/A	75,000	-
Federal Perkins Loan Program	84.038	N/A	1,144,639	-
Federal Pell Grant Program	84.063	N/A	8,338,691	-
Subsidized Direct Lending	84.268	N/A	9,448,504	-
Unsubsidized Direct Lending	84.268	N/A	32,239,534	-
Plus Direct Lending	84.268	N/A	10,171,622	-
Grad Plus Direct Lending	84.268	N/A	2,750,800	-
Subtotal Student Financial Aid Cluster:			65,419,487	-
TOTAL FEDERAL EXPENDITURES			\$ 83,473,029	\$ 472,467
<u>STATE</u>				
<u>FLORIDA OFFICE OF INSURANCE REGULATIONS</u>				
<i>FIU</i> - Development of Florida Public Model 2013-2014	N/A	N/A	\$ 45,506	\$ -
<i>FIU</i> - Enhancement of Florida Public Model w/ Storm Surge	N/A	N/A	47,290	-
Subtotal, Florida Office of Insurance Regulations :			92,796	-
<u>FLORIDA DIVISION OF EMERGENCY MANAGEMENT</u>				
<i>FIU</i> - Investigation and Incorporation of WOW testing outputs 2016-2017	31.066	800007429-01	39,075	-
<i>FIU</i> - Investigation and Incorporation of WOW testing outputs 2017-2018	31.066	800008787-02	8,633	-
Subtotal, Florida Division of Emergency Management:			47,708	-
<u>FLORIDA DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES</u>				
Demonstration of Cost Effective Scalable Zero Energy Commercial Building Design for Florida Climates	N/A	024553 (SO432)	18,480	-
Subtotal, Florida Department of Agriculture and Consumer Services:			18,480	-
<u>FLORIDA DEPARTMENT OF HEALTH</u>				
CO Releasing Polymer Nanoparticles for Treatment of Alzheimer's Disease	N/A	8AZ03	693	-
CO Releasing Polymer Nanoparticles for Treatment of Alzheimer's Disease	N/A	8AZ03	173	-
<u>Medical Services to Abused/Neglected Children</u>				
Family Learning Program 2016-2017	64.006	CSABV	10,233	-
Family Learning Program 2017-2018	64.006	CSABV	20,020	-
Subtotal, Florida Department of Health:			31,119	-
<u>FLORIDA DEPARTMENT OF EDUCATION</u>				
Public Radio Stations Grant	48.056	857-99790-7Q001	13,311	-
Public Radio Stations Grant	48.056	857-99790-8Q001	90,871	-
<i>IRSC</i> , RISE Consortium - Summer Camp 2015	N/A	N/A	109	-
FTT CAMID	48.128	857-99685-8D001	955,469	-
Subtotal, Florida Department of Education:			1,059,760	-

See independent auditor's report.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
AS OF APRIL 30, 2018

Federal or State Grantor / <i>Pass-through Grantor</i> / Program Title	Federal CFDA State CSFA Numbers	Agency Contract/Grant Number	Federal / State Expenditures	Passed Through to Subrecipients
<u>FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION</u>				
<i>Brevard County (FDEP), Muck Dredging Project:</i> Hydrologic & Water Quality	37.039	4500085050	(599)	-
<i>Brevard County (FDEP), Muck Dredging Project:</i> Biological Responses	37.039	4500085050	3,157	-
<i>Brevard County (FDEP), Muck Dredging Project:</i> Biological Responses	37.039	4500085050	(1,328)	-
<i>Brevard County (FDEP), Muck Dredging Project:</i> Movement Measurements	37.039	4500085050	5,812	-
<i>Brevard County (FDEP), Muck Dredging Project:</i> Water and Sediment Quality	37.039	S0714	4,281	-
<i>Brevard County (FDEP), Muck Dredging Project: Subtask 1</i>	37.039	S0714	50,532	-
<i>Brevard County (FDEP), Muck Dredging Project: Subtask 2</i>	37.039	S0714	2,405	-
<i>Brevard County (FDEP), Muck Dredging Project: Subtask 4</i>	37.039	S0714	122,451	-
<i>Brevard County (FDEP), Muck Dredging Project: Subtask 6</i>	37.039	S0714	22,473	-
<i>Brevard County (FDEP), Muck Dredging Project: Subtask 8</i>	37.039	S0714	99,571	-
<i>Brevard County (FDEP), Muck Dredging Project: Subtask 9</i>	37.039	S0714	95,934	-
<i>Brevard County (FDEP), Muck Dredging Project: Subtask 5</i>	37.039	S0714	51,327	-
<i>Brevard County (FDEP), Muck Dredging Project: Subtask 7</i>	37.039	S0714	27,010	-
<i>Brevard County (FDEP), Muck Dredging Project: Subtask 3</i>	37.039	S0714	34,371	-
<i>Brevard County (FDEP), Muck Dredging Project: Subtask 5</i>	37.039	NS005	56,688	-
<i>Brevard County (FDEP), Muck Dredging Project: Subtask 2</i>	37.039	NS005	41,405	-
<i>Brevard County (FDEP), Muck Dredging Project: Subtask 3</i>	37.039	NS005	61,342	-
<i>Brevard County (FDEP), Muck Dredging Project: Subtask 4</i>	37.039	NS005	55,517	-
<i>Brevard County (FDEP), Muck Dredging Project: Subtask 2</i>	37.039	NS005	5,339	-
<i>Brevard County (FDEP), Muck Dredging Project: Subtask 6</i>	37.039	NS005	52,239	-
<i>Brevard County (FDEP), Muck Dredging Project: Subtask 2</i>	37.039	NS005	42,204	-
<i>Sebastian Inlet Tax District Commission -</i> Wave, Weather and Tide Data Collection	N/A	W/O: 1617-001-FIT	96,256	-
<i>Sebastian Inlet Tax District Commission -</i> Wave, Weather and Tide Data Collection	N/A	W/O: 1617-001-FIT	1,727	-
<i>Sebastian Inlet Tax District Commission -</i> Wave, Weather and Tide Data Collection	N/A	W/O: 1718-002-FIT	18,868	-
<i>Sebastian Inlet Tax District Commission -</i> State of the Inlet Analysis 2016-17	N/A	W/O: 1516-012-FIT	78,424	-
<i>Sebastian Inlet Tax District Commission -</i> State of the Inlet Analysis 2017-18	N/A	W/O: 1617-021-FIT	32,149	-
<i>Marine Resource Council , NEP SJRWMD Outreach</i>	N/A	N/A	8,906	-
Subtotal, Florida Department of Environmental Protection:			1,068,461	-

See independent auditor's report.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
AS OF APRIL 30, 2018

Federal or State Grantor / <i>Pass-through Grantor</i> / Program Title	Federal CFDA State CSFA Numbers	Agency Contract/Grant Number	Federal / State Expenditures	Passed Through to Subrecipients
<u>FLORIDA FISH AND WILDLIFE CONSERVATION COMMISSION</u>				
<i>James Madison University</i> - Development of Chemoecological Tool	N/A	S16-250-01	6,552	-
Subtotal, Florida Department of Economic Opportunity:			6,552	-
<u>FLORIDA DEPARTMENT OF TRANSPORTATION</u>				
Accuracy, Consistency and Reliability of Raw Traffic Data from Vehicle	N/A	BDV28 TWO 977-03	3,077	-
Subtotal, Florida Department of Transportation:			3,077	-
<u>FLORIDA DEPARTMENT OF HIGHWAY SAFETY AND MOTOR VEHICLES</u>				
<i>FAU</i> , Dolphins as Sentinels for Harmful Algal Bloom Toxins	76.011	AWD001123	48,166	-
Subtotal, Florida Department of Highway Safety and Motor Vehicles:			48,166	-
<u>FLORIDA DEPARTMENT OF ECONOMIC OPPORTUNITY</u>				
<i>Space Florida</i> - FAA COE CST Matching Funds Program	40.004	15-062	(4,000)	-
<i>East Coast Zoological Society of Florida</i> - Restoring Natural Filtration	40.012	HL037	47,381	-
Subtotal, Florida Department of Economic Opportunity:			43,381	-
<u>FLORIDA STUDENT FINANCIAL ASSISTANCE</u>				
Florida Resident Access Grant	48.064	N/A	3,468,900	-
Scholarships for Children of Deceased or Disabled Veterans	48.055	N/A	26,712	-
Florida Private Student Assistance Grant	48.054	N/A	610,845	-
Jose Marti Scholarship Challenge Grant	48.052	N/A	2,000	-
Subtotal, Florida Student Financial Assistance:			4,108,457	-
<u>FLORIDA BRIGHT FUTURES SCHOLARSHIPS</u>				
Florida Academic Scholars Award (Bright Futures)	48.059	N/A	1,485,308	-
Florida Medallion Scholars Award (Bright Futures)	48.059	N/A	465,234	-
Subtotal, Bright Futures:			1,950,542	-
Total, Student Financial Assistance and Bright Futures Scholarships:			6,058,999	-
TOTAL STATE FINANCIAL ASSISTANCE AND BRIGHT FUTURES EXPENDITURES:			\$ 8,478,499	\$ -

See independent auditor's report.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE YEAR ENDED APRIL 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The accompanying schedule of expenditures of federal awards and state financial assistance summarizes the expenditures incurred under all federal and state awards received by Florida Institute of Technology, Inc. (the "University") for the year ended April 30, 2018. For purposes of this schedule, federal awards and state projects include all grants, contracts, loans, and loan guarantee agreements entered into directly between the University and agencies and departments of the federal and state government and federal and state awards passed through other agencies. Expenditures for federal and state awards programs are recognized on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.650, *Rules of the Auditor General*; therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements.

2. PROGRAM CLUSTERS

Federal Uniform Guidance and the Florida State Single Audit Act define a cluster of programs as a grouping of closely related programs that share common compliance requirements. According to this definition, the Student Financial Assistance Programs and Research and Development Programs are considered to be Federal clusters of programs and the Florida Student Financial Assistance is considered to be a State cluster of programs.

3. LOANS OUTSTANDING

The University had the following loan balances due to the federal government at April 30, 2018:

<u>Cluster/Program Title</u>	<u>Number</u>	<u>Outstanding</u>
Federal Perkins Loan Program	84.038	<u>\$ 4,539,251</u>

4. GUARANTEED STUDENT LOAN PROGRAMS

During the year ended April 30, 2018, the University processed new loans under the following Guaranteed Student Loan Programs:

	<u>Loans to Students</u>
Stafford Loans	\$ 41,688,038
Parents' Loans for Undergraduate and Graduate Students	<u>12,922,422</u>
Total Guaranteed Student Loan Program	<u>\$ 54,610,460</u>

See independent auditor's report.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE YEAR ENDED APRIL 30, 2018

5. CONTINGENCY

The grant revenue amounts received are subject to audit and adjustment. If any expenditures are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the University. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

6. INDIRECT COST RATE

Under the current federally negotiated rate agreement, the University uses a predetermined indirect cost rate using a modified total direct cost base. This rate is in effect until April 30, 2019. The University applies a 45% indirect cost rate or a 22% off campus rate on a modified total direct cost basis to all federal grants, unless otherwise restricted by the respective agencies.

See independent auditor's report.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

SCHEDULE OF POPULATIONS, SAMPLES TESTED, AND QUESTIONED COSTS FOR FLORIDA STUDENT FINANCIAL ASSISTANCE PROGRAMS
YEAR ENDED APRIL 30, 2018

		Award Population		Award Sample			Questioned Costs				
		Amount	Recipients	Amount	% of Population Amount	Recipients	% of Population Recipients	Amount	% of Sample Amount	Recipients	% of Sample Recipients
Florida Academic Scholars Award	FLAS	\$ 1,485,308	223	\$ 286,327	19%	50	22%	\$ -	0%	-	0%
Florida Medallion Scholars Award	FLMS	465,234	223	106,183	23%	50	22%	-	0%	-	0%
Florida Resident Access Grant	FRAG	3,468,900	1182	160,050	5%	50	4%	-	0%	-	0%
Florida Student Assistance Grant	FSAG	640,845	376	83,870	13%	50	13%	-	0%	-	0%
Jose Marti Scholarship Challenge Grant	JOSE	2,000	0	-	0%	0	0%	-	0%	-	0%
Scholarship for Children of Veterans	CDDV	26,712	4	26,712	100%	4	100%	-	0%	-	0%
		<u>\$ 6,088,999</u>	<u>2008</u>	<u>\$ 663,142</u>		<u>204</u>		<u>\$ -</u>		<u>-</u>	

See independent auditor's report.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees of
Florida Institute of Technology, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Florida Institute of Technology, Inc. (the "University" a nonprofit organization), which comprise the consolidated statement of financial position as of April 30, 2018, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated August 31, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Melbourne, Florida
August 31, 2018

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL

To the Board of Trustees of
Florida Institute of Technology, Inc.

Report on Compliance for Each Major Federal Program and State Project

We have audited Florida Institute of Technology, Inc.'s (the "University", a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs and state projects for the year ended April 30, 2018. The University's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards and state projects applicable to its federal programs and state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, Rules of the Auditor General (Chapter 10.650). Those standards, the Uniform Guidance and Chapter 10.650 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program and state project occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the University's compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended April 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2018-001. Our opinion on each major federal program is not modified with respect to these matters.

The University's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program and state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program and state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program and state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-001, which we consider to be a significant deficiency.

The University's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.650. Accordingly, this report is not suitable for any other purpose.

Melbourne, Florida
August 31, 2018

Berman Hopkins Wright & Latham
CPAs and Associates, LLP

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED APRIL 30, 2018

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

- | | |
|---|------------|
| 1. Type of auditor's report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified? | None noted |
| 3. Noncompliance material to the consolidated financial statements noted? | No |

Federal Awards

- | | |
|---|--|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified? | Yes - Finding No. 2018-001 |
| 2. Type of auditor's report issued on compliance for major programs: | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? | Yes - Finding No. 2018-001 |
| 4. Identification of major federal award programs: | |
| <u>CFDA Number</u> | <u>Name of Federal Program</u> |
| Various | Student Financial Aid Programs Cluster |
| Various | Research & Development Cluster |
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$2,504,199 |
| 6. Auditee qualified as a low-risk auditee? | Yes |

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued) YEAR ENDED APRIL 30, 2018

SECTION I - SUMMARY OF AUDITOR'S RESULTS (continued)

State Financial Assistance

- | | |
|--|------------|
| 1. Internal control over major projects: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified? | None noted |
| 2. Type of auditor's report issued on compliance for major projects: | Unmodified |
| 3. Any audit findings disclosed that are required to be reported under Rule 10.654(1)(h)4? | No |
| 4. Any management letter issued under Rule 10.656(3)(e)? | No |

5. Identification of major state financial assistance projects:

CSFA Number

Name of State Project

Various

Florida Student Financial Assistance Cluster
The Florida Bright Futures Scholarship Programs
FIT CAMID

48.059

48.128

- | | |
|---|-----------|
| 6. Dollar threshold used to distinguish between type A and type B projects: | \$300,000 |
|---|-----------|

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued) YEAR ENDED APRIL 30, 2018

SECTION III - FINDINGS AND QUESTIONED COSTS - FEDERAL

2018-001 **Procurement, Suspension and Debarment**

Research and Development Cluster - Federal

Significant deficiency in internal control

Other matter required to be reported in accordance with the Uniform Guidance

Condition: During our testing of the University's procurement process, we noted purchases which were not made in compliance with the University's procurement process.

Criteria: Based on the University's procurement, all purchases for greater than \$1,000 require a written quote or estimate.

Cause of Condition: This policy was found to be inconsistently applied, which may have been caused by procurements which occurred outside of the centralized procurement operations of the University. Alternative procedures were applied in multiple cases related to a preferred vendor list, however the documentation of a preferred vendor policy is not sufficient to provide for these alternative procedures.

Potential Effect of the Condition: Non-conformity with written policies could result in non-compliance with federal and state requirements for grant funding.

Recommendation: We recommend that the University review the procurement policies to ensure that all policies are properly documented, including the use of preferred vendors. Additionally, we recommend that the policy be utilized in all purchasing transactions as appropriate. The policy related to the use of preferred vendors should be documented thoroughly, including:

- i. its use as an alternative to obtaining a written estimate or quote
- ii. when its use is appropriate,
- iii. a standard listing of the vendors which are approved,
- iv. the process to approve a vendor for the preferred vendor list,
- v. controls related to the review and approval of the list,
- vi. periodic subsequent reviews of the list to ensure that preferred vendors still meet the initial requirements.

Management Response: See Corrective action plan.

SECTION IV - FINDINGS AND QUESTIONED COSTS - STATE

None reported

SECTION V - SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

None reported



CORRECTIVE ACTION PLAN

August 30, 2018

U.S. Department of Education

The Florida Institute of Technology, Inc. respectfully submits the following corrective action plan for the year ended April 30, 2018.

Berman Hopkins Wright & LaHam, CPAs and Associates, LLP
8035 Spyglass Hill Road
Melbourne, FL 32940

Audit period: May 1, 2017 - April 30, 2018

FINDINGS - FEDERAL AWARD PROGRAMS AUDIT

2018-001 Procurement, Suspension and Debarment

Research and Development Cluster – Federal

Other matter required to be reported in accordance with Uniform Guidance

Condition: During our testing of the University's procurement process, we noted purchases which were not made in compliance with the University's procurement process.

Recommendation: We recommend that the University review the procurement policies to ensure that all policies are properly documented, including the use of preferred vendors. Additionally, we recommend that the policy be utilized in all purchasing transactions as appropriate. The policy related to the use of preferred vendors should be documented thoroughly, including:

- i. its use as an alternative to obtaining a written estimate or quote,
- ii. when its use is appropriate,
- iii. a standard listing of the vendors which are approved,
- iv. the process to approve a vendor for the preferred vendor list,
- v. controls related to the review and approval of the list,
- vi. periodic subsequent reviews of the list to ensure that preferred vendors still meet the initial requirements.

Action Taken:

Corrective Action Plan

A. Review/Update all Procurement Policies and Procedures for consistency on Competitive Bidding as it relates to the use of preferred vendors.

In order to streamline and to be consistent with the procurement processes, the following Procurement policies and procedures were revised and approved effective August 1, 2018:

- Procurement Policy
- Purchase of Restricted Items Policy
- Competitive Bid Procedure
- Consulting Contracting Procedure
- Purchase Requisition Procedure
- Sole & Single Source Purchasing Procedure
- Purchase Specifications Guidelines
- Vendor Compliance Guidelines

B. Review/Update all Procurement Policies and Procedures for consistency regarding establishing preferred vendors.

The approved Procurement Policy states: “**Vendor Authorization and Management** - The University, through Procurement Services, will seek to minimize its risk and consolidate its purchasing power by carefully managing its active vendors. University employees are required to work with Procurement Services to identify approved vendors, or to set up new vendors who may be able to provide better value to the University. Procurement Services is responsible to ensure that all international and domestic vendors have been reviewed and are clear of possible sanctions through the **Visual Compliance Restricted Party Screening tool**. Procurement Services will help the Colleges and Departments by per-qualifying vendors, and negotiating preferred pricing and/or terms for commonly purchased items or services. Additionally, the Office of Purchasing will seek to leverage its purchasing power by coordinating purchases with preferred vendors who offer the best value.”

The purpose of the Vendor Compliance Guidelines is to provide guidance on selecting and authorizing the vendor population for use in Procurement protocol at the University. It states the following points:

- Existing vendors are strongly encouraged
- E-Marketplace vendors are preferred
- New vendors **MUST** be approved by Procurement Services
- Procurement Services is responsible for the maintenance of the University’s vendor database

C. Communication.

Update website and conduct training across campus for all faculty and staff on updated policies and procedures. Educate users on regulatory standards of compliance and the consequences of non-compliant transactions.

Target completion: Ongoing. Training will be conducted on a quarterly basis.

D. Vendor Database Maintenance.

Update/Maintain comprehensive list of Preferred Vendors on E-Marketplace.

Target completion: Ongoing.

If the U.S. Department of Education has questions regarding this plan, please call Cathy Wood, Senior Vice President of Finance and Business/CFO at (321) 674-7297.

Sincerely yours,

A handwritten signature in black ink that reads "Cathy Wood". The signature is written in a cursive style with a large, looping initial "C".

Cathy Wood,
Senior Vice President of Finance and Business/CFO